

# **Texas Emissions Reduction Plan (TERP)**

## **Rebate Grants Program**

### **Grant Application Workshop**





# Workshop Agenda

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- TERP Overview
- Rebate Grants Overview
  - Application Forms
  - Rebate Tables
- Questions and Answers



# What is TERP?

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- Provides grants to reduce nitrogen oxides (NO<sub>x</sub>) emissions from mobile sources
- Supports programs to encourage the use of alternative fuels for transportation in Texas
- Helps to keep the air in Texas clean

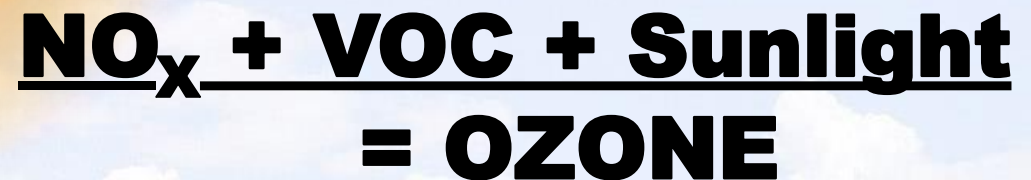
**GET MONEY TO UPGRADE OR REPLACE  
YOUR TRUCK OR EQUIPMENT - AND KEEP  
THE AIR CLEAN!**



# Why Reduce $\text{NO}_x$ Emissions?

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Ground level ozone is created by chemical reactions of  $\text{NO}_x$  and volatile organic compounds (VOC) in the presence of sunlight.







# How Does TERP Reduce NO<sub>x</sub> Emissions from Mobile Sources?

- Through the early retirement of heavy-duty vehicles and pieces of equipment, particularly those with large diesel engines
- By replacing older engines with newer models with more stringent federal emission standards for NO<sub>x</sub> and other pollutants





# **TERP Grant Programs**

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**Diesel Emissions Reduction Incentive (DERI) Program**

*Emissions Reduction Incentive Grants (ERIG) Program*

*Rebate Grants Program*

*Third-Party Grants Program*

**Texas Clean Fleet Program (TCFP)**

**Texas Natural Gas Vehicle Grant Program (TNGVGP)**

**Drayage Truck Incentive Program (DTIP)**

**Clean Transportation Triangle (CTT) Program**

**Alternative Fueling Facilities Program (AFFP)**

**Texas Clean School Bus Program (TCSB)**

**New Technology Implementation Grants (NTIG) Program**



# **DERI Program Comparison**

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## **ERIG**

- New Purchase/Lease
- Replacements
- Repowers
- Retrofit/Add-on Devices
- Infrastructure
- Rail Relocation & Improvement

## **Rebate Grants**

- Replacements
- Repowers



# DERI Program Comparison (cont.)

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## ERIG

- On-road
- Non-road
- Marine vessels
- Locomotives
- Stationary equipment

## Rebate Grants

- On-road
- Non-road





# **DERI Program Comparison (cont.)**

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- **Rebate Program**
    - Look up the eligible grant amount by using the appropriate Rebate Grant Amount Table.
    - Tables can be found on the website and as an attachment to the Request for Grant Applications (RFGA).
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- **ERIG Program**
    - Determine the eligible grant amount by completing an ERIG calculator.
    - Calculators can be found on the website and by using the appropriate Technical Supplement.



# REBATE GRANTS PROGRAM

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**T E R P**

**TEXAS EMISSIONS REDUCTION PLAN**

A PROGRAM OF THE TCEQ



# Rebate Grants Program

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The **Rebate Grants Program** provides financial incentives to repower or replace older heavy-duty diesel vehicles and non-road diesel equipment to reduce NO<sub>x</sub> emissions in the eligible areas.





# Rebate Funding

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- Approximately **\$10 million** is available under this Request for Grant Applications.
  - \$5 million will be set aside for applications from entities that qualify as a Small Business under the TERP Guidelines for Emissions Reduction Incentive Grants.
- Grants are awarded on a **first-come, first-served basis**.



# Eligible Applicants

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Individuals, businesses, districts, non-profits, or government entities that own or operate eligible vehicles and equipment in the eligible areas





# Eligible Areas

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- Austin
- Beaumont-Port Arthur
- Corpus Christi
- Dallas-Fort Worth
- El-Paso
- Houston-Galveston-Brazoria
- San Antonio
- Tyler-Longview
- Victoria

# Rebate Grants Program Eligible Counties



## Austin Area:

Bastrop  
Caldwell  
Hays  
Travis  
Williamson

## Beaumont-Port Arthur:

Hardin  
Jefferson  
Orange

## Corpus Christi Area:

Nueces  
San Patricio

## Dallas-Fort Worth:

Collin  
Dallas  
Denton  
Ellis  
Hood  
Johnson  
Kaufman  
Parker  
Rockwall  
Tarrant  
Wise

## Houston-Galveston-Brazoria:

Brazoria  
Chambers  
Fort Bend  
Galveston  
Harris  
Liberty  
Montgomery  
Waller

## San Antonio Area:

Bexar  
Comal  
Guadalupe  
Wilson

## Tyler-Longview:

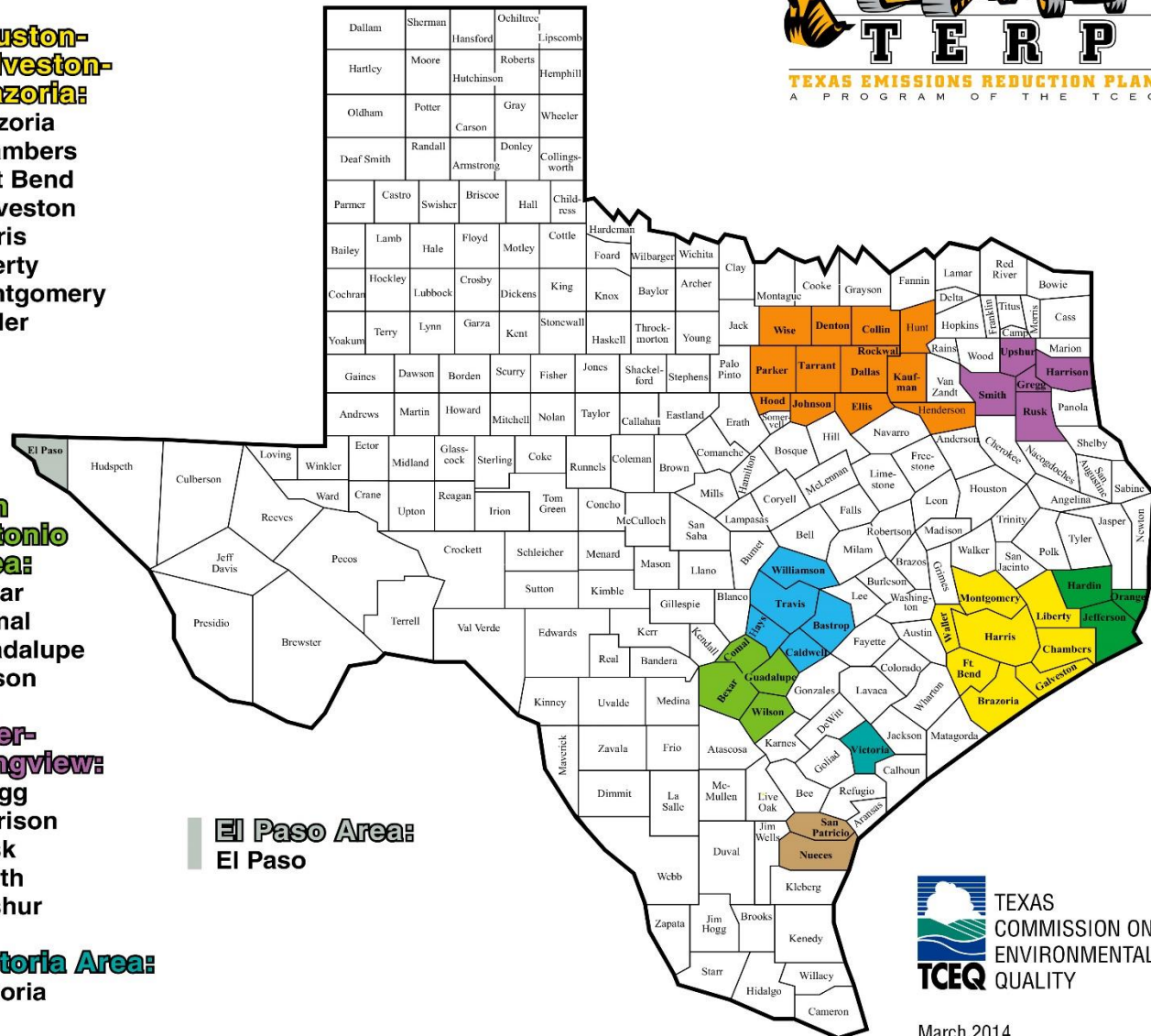
Gregg  
Harrison  
Rusk  
Smith  
Upshur

## Victoria Area:

Victoria

## El Paso Area:

El Paso





# Eligible Emission Sources



**On-Road  
Vehicles**



**Non-Road  
Equipment**





# General Project Requirements

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- **On-road heavy-duty vehicles** must have a gross vehicle weight rating (GVWR) of 8,500 pounds or more and be certified by the United States Environmental Protection Agency (EPA) to the heavy-duty vehicle federal emission standard.
- **Non-road heavy-duty equipment** engines must have a horsepower (hp) rating of 25 or greater.





# Eligible Project Categories

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- **Replacement:** Replacing an older diesel vehicle with a newer vehicle or piece of equipment
- **Repower:** Replacing the engine of an existing diesel vehicle with a new, rebuilt, or remanufactured engine





# Replacement Project Requirements

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- For at least the two years immediately preceding the submission of the grant application, **on-road heavy-duty vehicles** being replaced must have:
  - been owned, leased, or commercially financed by the grant applicant;
  - been continually registered and used in Texas; and
  - continuously had an up-to-date safety inspection.
- For at least the two years immediately preceding the submission of the grant application, **non-road heavy-duty equipment**, being replaced must have been:
  - owned by the grant applicant; and
  - located and used in Texas.



# Replacement Project Requirements

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- **On-road heavy-duty vehicles and non-road heavy-duty equipment** being replaced must be in good operating condition with a remaining useful life of at least **five years, or the designated activity life**.
- The new engine must be certified to emit at least 25% less NO<sub>x</sub> than the engine being replaced.
- **For On-Road:** The new vehicle must have a **2014** engine model year or later. **For Non-Road:** The new equipment must have an engine with a **2014** manufacture year or later.
- For on-road heavy-duty vehicles, the replacement must be of the same vehicle type, weight category, and body and axle configuration as the vehicle being replaced.
- For non-road heavy-duty and stationary equipment, the replacement must be of the same equipment type and intended for the same or similar purpose as the equipment being replaced.
- The vehicle or equipment being purchased may not have been acquired before the start of the grant application.



# Repower Project Requirements

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- This category is for the replacement (repower) of an existing engine.
- Applicant must have the authority to destroy the old engine.
- The new engine must be certified to emit at least 25% less NO<sub>x</sub> than the engine being replaced.
- Expenses to be reimbursed under a repower grant may not have been incurred prior to 12 months before the deadline for application submission.



# Eligible Grant Amount

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- The requested grant amount may not exceed the incremental cost limits set by the TCEQ.
- The eligible grant amount may not exceed 80% of the incremental cost of the project (or the eligible cost).
  - For **replacement** projects, the incremental cost is the cost to purchase the replacement vehicle minus the scrap value (\$1,000) of the vehicle being replaced.
  - For **repower** projects, the incremental cost is the cost to purchase and install the replacement engine and associated equipment, minus the scrap value (\$200).
- The eligible grant amount will be the lesser of the rebate table amount or eligible cost.



# Percentage of Use Commitment

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- Applicants must list a primary area for use of the vehicles or equipment included in the project application.
- For **on-road heavy-duty vehicles and heavy-duty non-road equipment**, the applicant must designate in the application the percentage of the annual use that will occur in the eligible counties.
  - The applicant must commit to operating the vehicle at least 75% of the annual usage in the eligible areas.





# **Activity Life Commitment**

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- The activity life is the period used to determine the emissions reduction.
- Applicants may choose an activity life of 5 or 7 years.
- All grant recipients must track and report on the use and location of all grant-funded equipment for the activity life.
- Reports will be due annually over the activity life.



# What happens next if my project is selected for award?

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- **Contracting**
  - A contract will be sent to an applicant selected for award to sign and return.
  - The TCEQ will provide a Notice to Proceed (NTP) to the grant recipient when/if funds are available to cover the grant. Most times, the NTP is included when the executed contract is returned to the grantee.
- **Reimbursement**
  - Payments will be made on a reimbursement basis for eligible expenses incurred and paid by the grant recipient.
  - A cost may not be considered incurred until the grant-funded goods and services have been received and accepted by the grant recipient.
  - Grant recipients may assign the grant payment to a dealer or financing entity.



# **What happens next if my project is selected for award?**

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- **Disposition of Old Vehicles and Equipment**
  - Old vehicles and equipment must be destroyed.
  - Disposition verification must occur no later than 90 days after payment from the TCEQ.
  - A non-repairable title will be required for on-road vehicle disposition.



# **What happens next if my project is selected for award?**

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- **Monitoring and Enforcement**
  - The grant recipient must submit usage reports once per year for the duration of the activity life.
  - TCEQ will conduct on-site visits to view the equipment and ensure usage records are being maintained.
  - Failure to report or failure to meet the usage commitments may result in the recipient having to return a share or all of the grant funds.



# Global Positioning System

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- If the applicant uses the TCEQ-authorized service provider, the TCEQ may allow the vendor to provide the required usage reports.
- Only the costs to purchase and install a GPS unit to track and log the location and use of the equipment may be included in the incremental cost calculation. These costs will count towards the applicable cost limits.
- The applicant will be responsible for ongoing operational and maintenance charges.





# How can I get help?

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- **TERP staff is available to assist with the application process free of charge.**
  - TCEQ staff are available to answer questions by phone or walk-in appointment at the TERP offices in Austin.
- Consultants may be available to assist with the application process.
  - The TCEQ has no business relationship with these consultants.
  - It is the applicant's choice to work with a consultant.
  - Consultant fees for the preparation of a grant application, either directly or as an addition to the cost basis of the grant-funded vehicle, equipment, or engine, are not eligible costs.




# DERI Projects Awarded October 2001 - August 2016

AREA	NUMBER OF PROJECTS	NUMBER OF ACTIVITIES	TOTAL NOX REDUCED (TONS)	GRANT AMOUNT	COST PER TON
Dallas/Fort Worth	4,233	6,900	60110	\$348,878,660	\$5,804
Houston/Galveston/Brazoria	3,869	6,653	75739	\$423,637,953	\$5,593
Austin	966	1,414	9436	\$74,818,997	\$7,929
San Antonio	944	1,411	9975	\$71,535,878	\$7,171
Beaumont/Port Arthur	224	476	8714	\$45,301,562	\$5,199
Tyler/Longview	200	300	5156	\$32,234,368	\$6,252
El Paso	137	173	715	\$3,261,310	\$4,564
Victoria	67	82	533	\$4,850,571	\$9,107
Corpus Christi	58	220	1568	\$8,739,923	\$5,575
<b>Grand Total</b>	<b>10,698</b>	<b>17,629</b>	<b>171,945</b>	<b>\$1,013,259,223</b>	<b>\$5,893</b>



# TERP E-Mail Updates

[www.terpgrants.org](http://www.terpgrants.org)

**TEXAS COMMISSION  
ON ENVIRONMENTAL QUALITY**

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[terp@tceq.texas.gov](mailto:terp@tceq.texas.gov)

## Texas Emissions Reduction Plan (TERP)

The TERP program provides financial incentives to eligible individuals, businesses, or local governments to reduce emissions from polluting vehicles and equipment.



**GET MONEY TO UPGRADE OR  
REPLACE YOUR TRUCK OR  
EQUIPMENT—AND CLEAR THE AIR!**

New and upgraded equipment pollutes less, improving the air quality in Texas. **Grant applications are accepted at different times throughout the year, depending on available funds.**

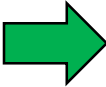
We believe these to be taxable grants. Please consult with your tax advisor.

**NEW ITEMS:**

**Proposed Revisions to TERP Rules and Guidelines**

**Proposed Rulemaking**

The TCEQ has proposed revisions to the rules for the TERP Drayage Truck Incentive Program under 30 Texas Administrative Code Chapter 114, Control of Air Pollution From Motor Vehicles, §114.680 and §114.682. Copies of the proposed revisions



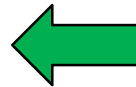
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**Upcoming TERP Meetings and Workshops**

- Information for potential applicants and interested parties: grant program workshops, application assistance sessions, and public meetings.



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# Contacts

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- Toll Free: **800-919-TERP (8377)**

